

Public Project Token (PPT) White Paper

A Project-Linked Sovereign Financing Model for National Infrastructure

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Original Publication: November 18, 2025

Last Updated: September 2, 2026

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Draft — Concept Framework for Discussion

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Executive Summary

Governments face a growing infrastructure challenge across energy, transport, healthcare, defence and digital systems. Yet fiscal space is constrained, public debt is high and appetite for higher taxation is limited. Conventional borrowing adds to headline debt, while public-private partnerships remain unsuitable for many non-revenue public goods.

This paper introduces the **Public Project Token (PPT)** — a project-linked sovereign financing framework designed to broaden participation in national infrastructure while preserving full public ownership.

PPT provides one practical implementation of **Demand-Side Innovation in Sovereign Finance**: the search for additional reasons and distribution channels through which different pools of capital may choose to hold sovereign exposure.

The underlying obligation remains sovereign. PPT can combine:

- sovereign-benchmarked returns;
- fractional and low-minimum participation;
- project identification and transparent reporting;
- regulated digital distribution;
- simple savings-style participation for retail investors;
- optional tax-efficient structures; and
- tradable or performance-linked structures for sophisticated investors.

Different investors may therefore access the same underlying sovereign credit differently, according to their requirements for simplicity, liquidity, return and project purpose.

PPTs should be expected to remain conventional sovereign debt. Their value does not come from alternative accounting treatment or tokenisation itself, but from **broader participation, differentiated distribution, project transparency and stronger delivery accountability**. Government retains full ownership and control.

PPTs do not make government debt disappear. They create additional reasons for different pools of capital to hold sovereign exposure.

The central economic test is **Net Additionality** — whether PPT creates genuinely additional sovereign participation after considering where that capital came from and what its reallocation displaces elsewhere.

PPT should therefore complement rather than replace conventional sovereign bonds, and scale only where additional participation, financing resilience, transparency or governance benefits justify the associated fiscal, operational and financial-system costs.

1. The Sovereign Infrastructure Financing Challenge

1.1 The Fiscal Constraint

Governments face growing investment requirements across:

- transport and infrastructure renewal;
- energy security and grid modernisation;
- healthcare and housing;
- defence;
- digital infrastructure;
- climate adaptation; and
- demographic and ageing-related expenditure.

These investments support national capacity, productivity, resilience and future growth.

But they increasingly arrive alongside elevated public debt, higher borrowing costs, limited political and economic capacity for additional taxation and greater competition for global capital.

This creates a fundamental financing tension:

Governments need productive investment to support future growth, but existing debt and weak growth constrain their ability to finance that investment today.

There is no mechanism that removes the underlying economic cost. If government builds a hospital, railway, power grid or defence facility, real resources must be committed and ultimately financed.

Productive investment may expand future output, strengthen tax revenues and improve debt-servicing capacity. But the capital required to generate those benefits must first be mobilised.

The question is therefore not how government can avoid borrowing.

It is:

If government must borrow to invest, can that borrowing be structured and distributed more effectively?

1.2 Existing Financing Channels Remain Essential

Conventional sovereign bonds remain the foundation of government financing. They provide deep institutional liquidity, benchmark yield curves, efficient price discovery and access to large domestic and international pools of capital.

Taxation, public-private partnerships, private capital and other financing mechanisms also remain appropriate in different circumstances.

The challenge is that no single channel is suitable for every public-investment requirement.

Many essential projects — including hospitals, defence infrastructure, grid modernisation and public transport — may not generate dedicated revenues suitable for conventional project finance or PPP structures.

At the same time, increasing sovereign issuance ultimately requires investors willing to absorb that debt. **Where the supply of sovereign debt increases without a corresponding increase in demand, higher yields may ultimately be required to clear the market, increasing the marginal cost of government financing.**

PPT therefore does not begin from the proposition that existing financing mechanisms have failed.

It begins from a narrower question:

Can an additional project-linked sovereign financing channel broaden the investor base while improving accessibility, transparency and participation?

2. Introducing the Public Project Token (PPT)

The **Public Project Token (PPT)** is a project-linked sovereign financing framework designed to broaden participation in approved public investment.

The underlying obligation remains sovereign. PPT does not depend on project revenues, transfer ownership or control of public assets, or seek alternative accounting treatment.

Its purpose is to combine sovereign credit with **project identification, differentiated investor access, transparent reporting and modern distribution.**

PPT is therefore one practical implementation of **Demand-Side Innovation in Sovereign Finance**:

The objective is not to create different sovereign credit. It is to create additional reasons and channels through which different investors may choose to hold it.

2.1 Key Principles

- Government retains full ownership and control of all public assets.
 - PPT remains sovereign financing within existing debt-management frameworks.
 - Each PPT is associated with an approved public project or investment programme.
 - Baseline returns are anchored to appropriate sovereign financing conditions.
 - Participation can be voluntary, fractional and accessible at low minimum amounts.
 - Different investor groups may access the same underlying sovereign credit through different structures.
 - Retail participation can prioritise simplicity, clearly defined returns and redemption terms.
 - Institutional structures can support regulated secondary trading and optional performance-linked features.
 - Project expenditure, milestones and material changes can be reported transparently.
 - Digital infrastructure is used where it improves distribution, administration, transparency or governance.
-

2.2 Why PPTs Work Even for Non-Revenue Projects

Many essential public investments — hospitals, schools, rail upgrades, defence infrastructure and grid modernisation — do not generate dedicated revenues suitable for conventional project finance.

PPT does not require them to.

Investors are not purchasing project equity or a claim on project revenues. They hold a **sovereign obligation associated with an approved public investment**.

Returns and redemption therefore remain sovereign financing obligations rather than being dependent on tolls, user fees or project cash flows.

This distinction allows project linkage without privatisation:

The project provides the purpose and transparency. The sovereign provides the credit.

Optional performance mechanisms may be added for sophisticated investors where appropriate, but they are not required for the core PPT structure and should not expose ordinary retail participants to unnecessary project-delivery risk.

2.3 Different Investors, Different Reasons to Participate

PPT does not assume that every investor responds to the same proposition.

Households may value simple returns, low minimum investment, familiar banking access, tax efficiency and the ability to associate their savings with a recognisable national priority.

Institutional investors may value liquidity, market pricing and appropriately compensated performance-linked exposure.

Corporate investors may respond to liquidity, treasury treatment, collateral eligibility and carefully bounded incentives for longer-term participation.

Internationally mobile investors may consider sovereign return, currency exposure, jurisdiction, liquidity, policy incentives and project purpose.

The sovereign credit remains the common foundation.

Different investors do not necessarily require different sovereign credit. They may require different reasons and different ways to access and hold it.

3. How PPTs Improve the Structure of Public Financing

Illustrative example

Consider a £100 billion infrastructure programme within an approved government financing envelope.

A portion of the requirement might be distributed through PPT structures — for example:

- £20 billion through domestic retail participation;
- £10 billion through institutional structures; and
- £10 billion through international, corporate or PPT-G participation.

The remaining requirement would continue to be financed through conventional sovereign channels.

The programme remains sovereign borrowing. **PPT does not reduce the underlying financing requirement simply by changing the instrument through which it is raised.**

The potential benefit arises where PPT changes the **composition, accessibility, resilience and transparency** of the funding base — particularly where it attracts investors or capital that conventional sovereign issuance does not reach as effectively.

Additional demand, not simply different packaging

Not every pound subscribed through PPT should be treated as new sovereign demand.

An institutional investor switching £10 million from conventional gilts into PPT has primarily changed instruments.

A household investing £5,000 that would otherwise have remained in savings, or an internationally mobile investor redirecting capital from overseas assets, may represent more genuinely additional participation.

The relevant economic test is therefore **Net Additionality**:

What new sovereign participation did PPT create, where did that capital come from, and what did its reallocation displace?

What could improve

Broader investor participation

PPT could provide additional entry points for households, companies, institutions and internationally mobile investors that respond to different combinations of return, accessibility, liquidity, incentives and project purpose.

Greater funding diversification

Additional investor groups and distribution channels could reduce concentration in any

single source of marginal sovereign demand while complementing conventional bond markets.

More flexible distribution

Retail, institutional, corporate and international investors need not receive identical structures. Financing can be designed around the characteristics of the investor population government is trying to reach.

Stronger project transparency

Project linkage can provide investors, analysts and citizens with greater visibility of expenditure, milestones, timetable changes and material budget developments.

Additional delivery scrutiny

Transparent reporting and, where appropriate, optional performance mechanisms can provide an additional layer of external scrutiny alongside existing government oversight.

Potentially greater public participation

Citizens can voluntarily associate part of their investment capital with visible national priorities while government retains full authority over expenditure and project selection.

Potential financing resilience

Where PPT generates genuinely additional and differently motivated demand, it may improve the resilience of the overall sovereign funding base.

The core proposition

PPT does not create fiscal capacity by changing the accounting treatment of government borrowing.

Its proposition is narrower:

If government must finance productive investment, can project linkage, investor segmentation, modern distribution and transparency create additional and more diversified sources of sovereign demand?

Whether this produces a net financing or economic benefit should be **measured through pilot issuance rather than assumed.**

4. PPT Product and Market Structure

PPT is designed as a **project-linked sovereign financing framework rather than a single identical instrument for every investor**.

All PPT structures share a common sovereign foundation, but return, maturity, liquidity and optional project-performance features can differ according to the investor population being addressed.

The sovereign credit is common. The product structure can differ.

4.1 Common Sovereign Foundation

Across PPT structures:

- the underlying obligation remains sovereign;
- government retains full ownership and control of the underlying public asset;
- the financing is associated with an approved public project or investment programme;
- investor repayment does not depend on project revenues;
- material project expenditure and delivery information can be reported transparently; and
- digital infrastructure can support issuance, administration, settlement and reporting where it provides additional value.

This common foundation allows different investor propositions to be developed without changing the underlying sovereign nature of the financing.

4.2 Retail Structure — Savings-Style Simplicity

For initial retail participation, PPT should prioritise **simplicity over continuous secondary-market trading**.

A retail structure could provide:

- a clearly defined sovereign obligation;
- a clearly stated return;
- a fixed or bounded investment period;
- low minimum participation;
- clearly defined redemption or early-access arrangements;
- distribution through familiar regulated banking, savings or investment channels;
- project selection; and
- transparent reporting on the associated public investment.

The objective is not to turn households into bond traders. Retail investors should be able to understand the proposition without needing to manage bond pricing, duration exposure or complex project-performance risk.

Any promise of early or par redemption would require careful design. Long-term infrastructure financing cannot simply be made instantly redeemable without considering liquidity, interest-rate risk and maturity mismatch.

The retail objective is to make sovereign investment behave more like a familiar savings proposition without disguising the underlying economics.

4.3 Institutional and Tradable Structures

Institutional and sophisticated investors may require different characteristics.

PPT structures for these investors could support:

- conventional market pricing;
- regulated secondary-market trading;
- institutional custody;
- repo or collateral eligibility where feasible;
- defined maturity structures; and
- optional project-performance features.

Secondary-market prices would remain exposed to changes in sovereign yields, liquidity and broader market conditions.

Project linkage may provide additional information and differentiation, but it does not remove conventional bond-market risk.

4.4 Baseline Return

PPT returns should be anchored to appropriate sovereign financing conditions rather than priced independently of the government's broader funding curve.

For straightforward fixed-return structures, the return could be benchmarked to an appropriate government-security maturity or comparable sovereign savings proposition.

The appropriate benchmark may differ according to maturity and investor structure. A short-duration retail PPT, for example, need not necessarily use the 10-year gilt yield as its benchmark.

The objective is to provide an economically credible proposition without unnecessarily increasing the government's financing cost.

Project purpose should provide an additional reason to participate, not compensate for an uncompetitive financial proposition.

4.5 Optional Efficiency Bonus

Governments may choose to include performance-linked features for institutional or sophisticated investors where they create useful delivery incentives.

Illustrative example

Approved budget: £100B

Actual spend: £95B

Verified savings: £5B

A predefined and bounded share of independently verified savings could be distributed to eligible PPT holders, with the remainder retained by government.

Potential benefits include:

- additional external scrutiny of project performance;
- greater visibility of delivery outcomes;
- alignment of part of investor return with measurable efficiency; and
- additional information about market expectations.

Any bonus mechanism should be transparent, bounded and independently verified.

For initial retail structures, **simplicity should generally take priority over performance-linked upside.**

4.6 Optional Adjustment Mechanisms

Sophisticated PPT structures could include predefined mechanisms responding to material project-cost deviations.

Possible approaches include:

- capped adjustments;
- changes to performance bonuses;
- additional issuance under predefined conditions; or
- no investor adjustment, with overruns remaining within normal sovereign financing.

These mechanisms are **optional rather than defining features of PPT**.

Retail investors should not be exposed to complex or poorly understood dilution or cost-overrun mechanisms merely to create stronger project incentives.

4.7 Redemption and Liquidity

Redemption should reflect the requirements of both the financing programme and the investor population.

Retail PPTs could use fixed or bounded maturity with clearly defined early-access arrangements.

Institutional PPTs could use conventional maturity structures and regulated secondary-market liquidity.

Where a project continues beyond the instrument's maturity, any remaining financing requirement can be addressed through normal sovereign refinancing.

The central design challenge is to balance:

Government's need for stable, longer-term financing

with

the investor's need for understandable and credible access to capital.

4.8 Project Cancellation

Project cancellation does not remove the sovereign obligation.

Treatment should be defined clearly at issuance. Depending on the structure, investors could be redeemed according to the instrument's contractual terms, with financing provided through authorised capital resources or normal sovereign refinancing.

Material cancellation, delay or redesign should be disclosed through the PPT transparency framework.

Investors should not be required to bear unbounded project-cancellation risk simply because their sovereign investment is associated with a particular project.

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4.9 Issuance Architecture

4.9.1 Primary Issuer: HM Treasury / Debt Management Office (DMO)

PPTs would form part of the government's overall sovereign financing programme rather than sit outside it.

For UK sovereign issuance, HM Treasury and the DMO provide the natural institutional framework, subject to final policy, legal and operational design.

Emerging digital-securities infrastructure, including work around digital gilts, could provide relevant settlement, custody and market infrastructure. PPT would add the **project-linked and investor-segmented financing layer** where this provides additional value.

If retail or project-specific demand is lower than expected, the residual financing requirement would continue to be met through conventional sovereign funding channels.

Infrastructure delivery therefore does not depend on full PPT take-up.

Potential benefits include:

- sovereign-market credibility;
- use of established debt-management frameworks;
- potential compatibility with emerging digital-securities infrastructure;
- established regulatory, custody and settlement capabilities; and
- no requirement to transfer ownership of the underlying public asset.

4.9.2 Project-Linked Capital Flow

An illustrative process could be:

1. Government approves a project and its financing envelope.
2. Treasury determines what portion, if any, is appropriate for PPT distribution.
3. PPT structures are selected for the relevant investor populations.
4. Investors subscribe through approved distribution channels.
5. Proceeds form part of the sovereign financing of the approved programme.
6. Project expenditure, milestones and material changes are reported through the PPT transparency framework.
7. PPT obligations are serviced and redeemed according to their issuance terms, with any residual financing requirement addressed through normal sovereign financing.

This preserves the connection between financing and project transparency without implying that the project itself is a separate credit.

4.9.3 No Requirement for SPVs or PPP Structures

The core PPT framework does not require concession companies, project SPVs or transfers of public ownership.

The infrastructure remains publicly owned and controlled, while investors hold sovereign obligations associated with the relevant project or programme.

4.9.4 Differences from Conventional Government Bonds

PPT retains the underlying sovereign credit characteristics of conventional government financing but can add:

- project identification;
- differentiated investor propositions;
- lower-friction retail distribution;
- project-level transparency and reporting; and
- optional performance mechanisms for appropriate investors.

The extent to which digital settlement, custody or secondary trading is used can vary by investor structure.

The objective is not to tokenise a gilt unnecessarily. It is to use different product and distribution architecture where doing so can reach additional capital or provide additional governance value.

4.9.5 Trading, Settlement and Custody

The appropriate market infrastructure depends on the PPT structure.

Institutional and tradable PPTs could use:

- regulated trading venues;
- institutional custody;
- approved digital-securities settlement infrastructure; and
- conventional market-pricing mechanisms.

Retail PPTs could instead prioritise simple regulated distribution and clearly defined redemption arrangements, without requiring continuous exchange trading.

Where appropriate, PPT structures could also be made compatible with approved tax-efficient savings or investment wrappers.

4.9.6 Summary

The PPT architecture is deliberately flexible within a conservative sovereign foundation:

- **Issuer:** sovereign / authorised debt-management authority;
- **Credit:** sovereign obligation;
- **Purpose:** approved public project or investment programme;
- **Ownership:** remains public;
- **Retail structure:** potentially savings-style and simple;
- **Institutional structure:** potentially tradable and performance-linked;
- **Technology:** used where it improves distribution, settlement, transparency or governance;
- **Redemption:** according to predefined issuance terms and normal sovereign-financing arrangements.

PPT is not defined by a token, exchange or single investor structure. It is defined by combining sovereign credit with project linkage, differentiated participation and transparent financing infrastructure.

5. What PPTs Add to Existing Instruments

Many of the objectives described in this paper could, in principle, be pursued through existing sovereign instruments.

Conventional government bonds could be made easier for households to access, receive appropriate tax treatment or be distributed through improved digital channels. Existing public-finance mechanisms should therefore be used where they already achieve the desired outcome efficiently.

PPT is justified only where **project linkage, investor segmentation, differentiated distribution or transparency creates additional value.**

For retail investors, that may mean presenting sovereign credit through a simple savings-style proposition rather than requiring households to navigate conventional bond pricing and secondary markets.

For institutional investors, PPT may provide tradable sovereign exposure combined with project-level information and optional performance mechanisms.

For companies or internationally mobile investors, different combinations of liquidity, collateral characteristics, policy incentives and project purpose may create additional reasons to participate.

Across these structures, PPT can combine:

- sovereign credit;
- identifiable public-investment purpose;
- investor-specific product design;
- low-friction regulated distribution;
- project-level reporting and transparency; and
- optional performance mechanisms where appropriate.

The distinction is therefore not simply **digital versus conventional debt.**

The objective is not to create a new instrument where an existing one works equally well. It is to extend sovereign financing into investor populations and capital pools that conventional issuance may not reach as effectively.

PPT should consequently remain complementary to conventional sovereign bonds and scale only where evidence demonstrates additional participation, financing resilience or governance benefits sufficient to justify the added complexity.

6. Potential Economic and Participation Benefits

The economic case for PPT does not depend on alternative accounting treatment or tokenisation itself.

Its potential value comes from whether project linkage, differentiated investor propositions and modern distribution can **broaden sovereign participation, improve funding diversification and strengthen project transparency**.

These benefits should be measured rather than assumed.

6.1 For Governments

Potential benefits include:

- **Broader investor participation** — reaching households, companies, internationally mobile investors and other capital pools that conventional sovereign issuance may not reach as effectively.
- **Greater funding diversification** — reducing concentration in any single source or channel of marginal sovereign demand.
- **Potentially greater financing resilience** — where additional investor groups respond differently to changes in market conditions.
- **Improved project transparency** — providing greater visibility of expenditure, milestones, delays and material budget developments.
- **Additional delivery scrutiny** — allowing investors, analysts and citizens to monitor project performance alongside existing government oversight.
- **Better information about investor demand** — participation patterns may reveal how different investor populations respond to yield, accessibility, liquidity and project purpose.
- **Potential access to additional domestic and international capital** — where PPT creates a credible reason for capital currently allocated elsewhere to enter sovereign financing.

These benefits matter only where they exceed the costs of additional distribution, technology, administration, incentives and any displacement elsewhere in the financial system.

6.2 For Investors

Depending on the structure, PPT could provide:

- sovereign credit exposure through a clearly defined investment;
- returns anchored to appropriate sovereign financing conditions;
- access at low minimum investment amounts;
- greater visibility into the public investment associated with their capital;
- regulated liquidity or clearly defined redemption arrangements;
- optional tax-efficient treatment where approved;
- project choice for investors who value visible purpose; and
- appropriately compensated performance-linked opportunities for sophisticated investors.

Different investors need not receive identical combinations of these features.

For households, simplicity and capital-access arrangements may be more important than continuous trading. Institutions may place greater value on liquidity, market pricing and collateral characteristics.

6.3 For Citizens

PPT could provide citizens with a voluntary way to associate part of their investment capital with visible national priorities such as healthcare, renewable energy, defence, transport or local regeneration.

Potential benefits include:

- accessible participation in national investment;
- greater visibility into how associated public projects are progressing;
- stronger project-level accountability;
- the ability to express investment preference across approved national priorities; and
- a financial rather than charitable form of participation, with the investor retaining a sovereign asset and contractual return.

Participation would remain voluntary and would not transfer budgetary authority from government to investors.

Citizens can choose where they wish to participate. Government and Parliament continue to decide what the country must fund.

6.4 The Benefit Must Be Net

None of these benefits should be assessed in isolation.

Capital attracted into PPT was previously held or invested somewhere else. Household participation may affect bank deposits; corporate participation may affect business liquidity; internationally mobile capital may come from overseas assets; and institutional participation may simply substitute for conventional sovereign bonds.

The relevant test is therefore not simply whether PPT attracts demand.

The economic case depends on whether the additional participation, financing resilience, transparency and governance benefits exceed the fiscal, operational and financial-system costs required to create them.

This is **Net Additionality** applied to the benefit case.

7. Geopolitical and Funding-Diversification Angle

Sovereign financing also has a geopolitical dimension. Governments care not only about the quantity and price of investor demand, but also its **composition, concentration and resilience**.

The United States has a distinctive structural advantage through the international role of the US dollar, the depth of the US Treasury market and the growth of USD-backed stablecoins. Dollar stablecoins can extend access to digital dollar instruments, while reserve assets can create additional demand for dollar-denominated government securities.

For the United States, this reinforces a powerful form of **currency-based demand**: investors and users may hold dollar-linked instruments because they want exposure to, or utility from, the dollar itself.

Most sovereigns cannot reproduce these monetary network effects at comparable scale.

PPT does not attempt to replicate or challenge reserve-currency dynamics. Instead, it proposes a different route:

A shift from currency-based attraction to project-based attraction.

Rather than relying primarily on demand for the currency itself, governments could create additional reasons for investors to choose sovereign exposure through **project purpose, accessibility, transparency and investor-specific design**.

An international investor may choose UK energy infrastructure over an alternative overseas allocation. A household may choose healthcare or transport infrastructure over leaving part of its capital in savings. Different motivations can therefore create different entry points into the same underlying sovereign credit.

7.1 Diversifying Funding Channels

Diversification can also occur across the channels through which sovereign capital is mobilised.

A domestically distributed sovereign savings product funded by household capital has different characteristics from debt absorbed by internationally mobile institutional investors. Greater domestic participation could reduce reliance at the margin on cross-border capital flows, while international participation remains valuable for liquidity, price discovery and funding diversification.

The objective is therefore **diversification rather than financial isolation**.

A more balanced composition of sovereign demand across domestic and international investor populations may improve funding resilience.

Different sources of capital may also behave differently under stress. This potential benefit should be evaluated alongside any displacement created elsewhere in the financial system.

7.2 Illustrative Use Cases

- **United Kingdom:** healthcare, renewable energy and grid infrastructure, defence, transport and regional regeneration.
- **Gulf economies:** transport, logistics, energy, technology and national-development programmes.
- **South Korea:** semiconductor, energy-security and strategic infrastructure.
- **Reconstruction economies:** housing, hospitals, power, water, transport and other visible rebuilding programmes.

7.3 Why This Matters

- Investors can gain **transparent, project-linked sovereign exposure** through structures appropriate to their requirements.
- Governments can broaden participation across domestic and international pools of capital.
- Project purpose can provide an additional investment proposition without requiring governments to compete directly through reserve-currency dynamics.
- Different funding channels may provide different characteristics in terms of stability, liquidity and sensitivity to global capital flows.

PPT therefore proposes a complementary approach to sovereign funding diversification:

Where a country cannot rely on global demand for its currency, it may still be able to create additional reasons for global and domestic capital to invest in its sovereign credit.

8. Implementation Roadmap

PPT should be developed as a **bounded experiment in sovereign-demand innovation**, rather than assuming in advance that national-scale issuance is justified.

8.1 Establish a Cross-Departmental Taskforce

Coordinate policy, debt management, market structure, technology and public communication across HM Treasury, the DMO, relevant infrastructure and procurement authorities, the Bank of England, HMRC and financial regulators.

The objective should be to evaluate PPT as part of the overall sovereign-financing programme rather than as a standalone digital-asset initiative.

8.2 Confirm Legal, Regulatory and Statistical Treatment

Engage the relevant authorities early to determine:

- sovereign-debt classification;
- investor-protection requirements;
- prospectus and disclosure obligations;
- tax treatment;
- custody and settlement requirements;
- treatment within savings or investment wrappers; and
- integration with existing sovereign-debt frameworks.

PPT should proceed only where its treatment is clear and compatible with the wider public-finance architecture.

8.3 Select a Simple, High-Trust Pilot Project

The initial project should have:

- a clearly approved financing requirement;
- identifiable expenditure and delivery milestones;
- broad public relevance;
- sufficient duration to test investor behaviour; and
- project information capable of being reported transparently.

Initial issuance should favour **simplicity and measurability over product complexity**.

8.4 Test Investor Propositions Separately

Different investor populations should be tested independently rather than assuming one product will suit everyone.

Retail pilot

A simple savings-style sovereign proposition with low minimum participation, clearly defined return and maturity or redemption terms, familiar regulated distribution and no direct exposure to project-cost overruns.

Institutional pilot

A tradable structure with conventional market pricing and, where appropriate, separately tested performance-linked features.

Corporate participation

Assessment of treasury requirements, liquidity, potential collateral treatment and whether any incentive generates genuinely incremental long-term participation.

International / PPT-G participation

Assessment of whether project linkage, sterling exposure and any bounded policy incentive attract capital that would otherwise remain invested elsewhere.

8.5 Test Distribution, Not Just the Security

A core part of the pilot should be whether sovereign investment can be made accessible through **financial channels investors already use**.

For retail participants, this could include regulated banking, savings and investment platforms rather than requiring specialist brokerage or digital-asset accounts.

The investor should not need to understand blockchain infrastructure in order to participate.

The test is not simply whether a digital security can be issued. It is whether distribution innovation can create new sovereign investors.

8.6 Develop the Transparency Framework

A public-facing framework could report:

- approved project budget;
- expenditure against budget;
- major delivery milestones;
- material changes to cost or timetable;
- relevant independent assurance; and
- operation of any performance mechanisms.

Digital infrastructure may support tamper-evident records and automated administration, while the public interface should remain simple and accessible.

8.7 Evaluate Incentives

Potential incentives could include:

- ISA or pension eligibility;
- dedicated capped retail allowances;
- appropriate tax treatment;
- corporate participation incentives; and
- bounded incentives for internationally mobile capital.

No incentive should be assumed to be beneficial simply because it increases subscriptions.

The fiscal cost of an incentive should be compared with the genuinely additional capital and wider economic benefit it generates.

8.8 Measure Net Additionality

Pilot evaluation should identify:

- how many participants are new direct sovereign investors;
- where their capital was previously allocated;
- substitution from conventional gilt demand;
- movement from commercial-bank deposits;
- capital redirected from overseas;
- corporate capital newly committed;
- sensitivity of demand to yield;
- sensitivity of demand to accessibility and distribution;
- whether project purpose influences participation; and
- effects on existing sovereign-market liquidity and funding costs.

The central question is:

How much genuinely additional sovereign demand was created, and what did that capital displace?

8.9 Measure Net Fiscal and Economic Benefit

Evaluation should also include:

- tax revenue forgone through incentives;
- any additional yield or return offered;
- technology and infrastructure costs;
- distribution and administration costs;
- custody and compliance costs;
- effects on bank funding and credit provision;
- effects on conventional sovereign funding;
- investor understanding and protection; and
- measurable transparency or governance benefits.

PPT should scale only where the overall benefits justify these costs.

8.10 Scale Only on Evidence

A successful pilot should provide evidence about investor behaviour before national-scale issuance is considered.

Government should scale PPT only where the evidence demonstrates:

- genuine additional participation;
- acceptable fiscal cost;
- manageable displacement effects;
- strong investor understanding and protection;
- operational resilience;
- no material damage to conventional sovereign-market liquidity; and
- benefits sufficient to justify the additional complexity.

PPT should earn the right to scale.

8.11 Implementation Timeline

Subject to policy, regulatory, legal and operational readiness, a focused pilot could potentially be developed within a **12–18 month implementation window**.

The purpose of that timeline should be to reach a controlled pilot capable of generating evidence — **not to commit in advance to national-scale rollout**.

9. Key Risks and Mitigations

PPT introduces additional product, distribution and governance choices into sovereign financing. These should be justified by measurable benefits rather than complexity for its own sake.

The principal risks therefore extend beyond the security itself to include **investor behaviour, displacement effects and interaction with the wider financial system**.

Risk 1 — Investor Misunderstanding of Structure

Different PPT structures may contain features not present in familiar savings products or conventional government bonds. Poor understanding could undermine suitability, participation and public confidence.

Mitigation:

Retail PPTs should prioritise simple returns, clearly defined maturity and redemption terms, straightforward sovereign backing and familiar regulated distribution.

Complex performance-linked or adjustment mechanisms should generally be reserved for sophisticated investors able to assess them.

Investor communication should clearly distinguish sovereign credit from project performance and explain that project linkage does not create ownership of the underlying asset.

Risk 2 — Project Cost Overruns or Delivery Deterioration

Material overruns, delays or changes in project scope could affect investor confidence and any optional performance-linked features.

Mitigation:

Project expenditure, milestones and material changes should be reported transparently, supported where appropriate by independent assurance.

Any performance or adjustment mechanism should be predefined, bounded and clearly disclosed.

For straightforward retail PPTs, project overruns should not create complex or unbounded changes to investor principal or return.

Risk 3 — Political or Fiscal Misinterpretation

PPT could be misunderstood as privatisation, off-balance-sheet financing, project equity or a mechanism for avoiding conventional sovereign-debt treatment.

Mitigation:

Communication should state clearly that PPT:

- remains sovereign financing;
- should be expected to remain within normal public-debt treatment;
- does not transfer ownership or control of public assets;
- does not depend on project revenues; and
- forms part of the government's overall financing programme.

PPT changes the architecture of participation, not the underlying fiscal reality.

Risk 4 — Interest-Rate, Liquidity and Market Risk

Tradable PPTs would remain exposed to conventional market risks. Changes in sovereign yields, liquidity or wider market conditions could cause secondary-market values to fall even where the associated project is performing well.

For retail investors expecting savings-style stability, unexpected mark-to-market losses could undermine confidence.

Mitigation:

Retail structures should consider fixed or bounded maturity, clearly defined redemption arrangements and simple disclosure rather than assuming continuous secondary-market trading is appropriate.

Institutional and tradable PPTs should disclose conventional duration, liquidity and market risks in the same manner as comparable sovereign securities.

Risk 5 — Substitution and Sovereign-Market Fragmentation

Because PPT and conventional government bonds ultimately represent sovereign obligations, existing sovereign investors may switch between instruments without creating genuinely additional demand.

Excessive product proliferation could also fragment liquidity across government securities.

Mitigation:

PPT should remain a bounded, complementary component of the overall sovereign-financing programme.

Pilot evaluation should measure substitution explicitly and assess effects on conventional sovereign-market liquidity, benchmark pricing and funding costs.

PPT should scale primarily where it reaches investor populations or capital that conventional issuance does not reach as effectively.

Risk 6 — Bank-Funding Displacement and Stress-Period Flows

Household deposits are an important source of funding for commercial banks.

Making sovereign investment easier to access could increase competition for those deposits. In normal conditions this may improve returns to savers, but rapid movement from bank deposits into sovereign products could increase bank-funding pressure.

The risk could become more significant during periods of banking stress, when households may prefer direct sovereign exposure.

Mitigation:

Retail issuance should initially be bounded and developed in coordination with financial-stability authorities.

Pilot evaluation should monitor:

- movement from commercial-bank deposits;
- speed and concentration of household flows;
- effects on bank funding;
- interaction with deposit pricing;
- behaviour during periods of market stress; and
- any consequences for credit provision.

The objective is to make household capital more contestable **without creating an unrestricted mechanism for destabilising deposit migration.**

Risk 7 — Fiscal Cost of Incentives

Tax-efficient treatment, enhanced returns or other participation incentives may increase demand but also impose a fiscal cost.

A programme that attracts £1 billion of investment is not necessarily beneficial if the tax revenue forgone, additional yield and distribution costs exceed the financing or economic benefits generated.

Mitigation:

Any incentive should be:

- transparent;
- appropriately capped;
- targeted toward genuinely additional participation;
- evaluated against substitution from existing sovereign demand; and
- periodically reviewed against its fiscal and economic benefit.

The objective is not to maximise subscriptions. It is to attract additional capital at a justifiable net cost.

Risk 8 — Technology and Operational Complexity

Tokenisation, digital settlement and project-level reporting could introduce additional technology, custody, cybersecurity, interoperability and administration requirements.

Technology that adds cost without materially improving distribution, settlement, transparency or governance would weaken the PPT proposition.

Mitigation:

Use existing regulated infrastructure wherever practical.

Digital technology should be introduced only where it provides demonstrable benefits over conventional alternatives, and the retail customer experience should not depend on understanding or managing the underlying technology.

Technology should reduce friction, not create another layer of it.

Risk 9 — Weak Net Additionality

PPT could succeed operationally and attract substantial subscriptions while still producing little overall economic benefit.

Capital may simply move from conventional gilts, bank deposits, productive corporate activity or other domestic investments.

Mitigation:

Pilot evaluation should trace the source of participating capital and assess what its reallocation displaced.

The ultimate risk test is therefore broader than investor uptake:

Did PPT create genuinely additional sovereign participation, and were the resulting financing and governance benefits greater than the costs and displacement created elsewhere?

10. What Government Must Do Next

PPT should not begin with a commitment to issue a new national financing instrument.

It should begin with a structured policy question:

Can project-linked sovereign financing create genuinely additional and economically beneficial demand that conventional sovereign issuance does not reach as effectively?

Answering that question requires a limited sequence of actions.

10.1 Establish the Economic Case

Government should first assess where additional sovereign demand might realistically come from.

This should include:

- household savings;
- corporate liquidity;
- internationally mobile capital;
- purpose-motivated investors; and
- investor groups currently participating only indirectly in sovereign markets.

The objective should be to identify **specific capital pools and investor behaviours**, rather than assume that a new product automatically creates new demand.

10.2 Determine Whether PPT Is Actually Needed

For each target investor population, government should ask whether the desired outcome can already be achieved efficiently through conventional government bonds, existing savings products or improved distribution.

PPT should be used only where project linkage, differentiated product design, digital infrastructure or transparency provides meaningful additional value.

A new instrument is justified only where an existing instrument cannot achieve the same objective as effectively.

10.3 Design a Bounded Pilot

Where a credible case exists, government should develop a limited pilot around a clearly defined public-investment programme.

The pilot should prioritise:

- simple product design;
- clear investor protection;
- measurable investor behaviour;
- transparent project reporting;
- controlled issuance size; and
- compatibility with existing sovereign-financing infrastructure.

Retail and institutional propositions should be tested separately where their requirements differ.

10.4 Measure Net Additionality

Success should not be judged by subscription levels alone.

Government should determine:

- how much participation came from genuinely new sovereign investors;
- where the capital was previously held;
- what conventional financing was displaced;
- the fiscal cost of incentives;
- effects on bank deposits and financial stability;
- effects on conventional sovereign-market liquidity; and
- whether transparency or external scrutiny produced measurable governance benefits.

The question is not simply how much PPT raised. It is what changed because PPT existed.

10.5 Scale Only Where the Evidence Supports It

PPT should remain complementary to conventional sovereign financing.

Expansion should occur only where pilot evidence demonstrates that additional participation, financing resilience, transparency or governance benefits justify the fiscal, operational and financial-system costs.

Where those benefits are not demonstrated, government should retain conventional financing instead.

The objective is not to prove that PPT works. It is to determine where, if anywhere, PPT adds sufficient value to justify its use.

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11. Regulatory and Accounting Treatment Considerations

The viability of PPT depends on compatibility with sovereign-debt management, national accounting, financial regulation, taxation and established public-sector governance.

The core PPT proposition is deliberately conservative: **the underlying obligation remains sovereign financing**. Project linkage, digital infrastructure and differentiated investor structures are intended to change how that financing is distributed, accessed and monitored rather than its underlying fiscal nature.

However, different PPT structures may require different regulatory treatment. A simple retail savings-style proposition, a tradable institutional security and a performance-linked instrument should not automatically be assumed to have identical legal or regulatory requirements.

Final classification would therefore remain a matter for the relevant authorities.

11.1 National Accounting and Sovereign-Debt Treatment

PPT should be expected to remain within conventional public-sector debt treatment where government retains an unconditional repayment obligation.

Project linkage does not itself change the economic substance of the liability.

Key characteristics include:

(A) Sovereign obligation

Investors hold a claim on the sovereign rather than ownership of, or a revenue claim on, the underlying project.

(B) Government financing programme

PPT issuance forms part of the government's overall financing requirement rather than creating financing outside the sovereign balance sheet.

(C) Project association, not project credit

The named project provides purpose, transparency and reporting. Investor repayment does not depend on project-generated cash flows.

(D) Normal sovereign servicing and refinancing

Returns and redemption are met according to the instrument's terms through authorised government resources or normal sovereign refinancing.

The innovation is structural — participation, distribution, transparency and optional incentives — not alternative accounting treatment.

11.2 Regulatory Treatment

The precise regulatory treatment would depend on the PPT structure adopted.

Tradable institutional PPTs could potentially operate within existing frameworks for government securities and regulated digital securities.

Retail savings-style structures may require different disclosure, distribution, redemption and consumer-protection arrangements.

Performance-linked structures containing additional project-related features may require further suitability, disclosure or product-governance requirements.

Relevant considerations could include:

- issuance and prospectus requirements;
- retail disclosure;
- suitability and product governance;
- KYC/AML requirements;
- custody;
- trading-venue requirements where applicable;
- redemption arrangements;
- treatment within savings or investment wrappers; and
- digital-securities regulation.

The objective should be to use existing regulatory categories and infrastructure where appropriate rather than create unnecessary new complexity.

11.3 Optional Performance and Adjustment Mechanisms

Where performance-linked features are used, their operation should be predictable, bounded and independently verifiable.

Potential safeguards include:

- clearly defined formulas;
- maximum adjustment limits;
- independent project-cost assurance;
- transparent disclosure;
- separation of straightforward retail structures from more complex institutional structures; and
- appropriate governance for exceptional project changes.

For initial retail participation, **simplicity should take priority over transferring project-performance risk to households.**

11.4 Returns, Tax Treatment and Market Attractiveness

PPT returns should be anchored to appropriate sovereign financing conditions.

The relevant benchmark may differ according to maturity and investor structure rather than being fixed universally to the 10-year gilt yield.

Potential policy measures could include:

- ISA or pension eligibility;
- dedicated capped retail allowances;
- appropriate treatment of coupon or investment returns;
- corporate participation incentives; and
- bounded incentives for internationally mobile capital.

Any preferential treatment should be assessed against **Net Additionality**.

The relevant question is not whether an incentive increases subscriptions, but whether the additional capital and wider benefit generated justify its fiscal cost.

11.5 Digital Infrastructure and Settlement

Digital infrastructure could support:

- fractional issuance;
- automated servicing and administration;
- ownership records;
- regulated settlement;
- project-linked reporting;
- tamper-evident audit trails; and
- programmable rules where appropriate.

For institutional securities, this may include regulated digital-securities trading, settlement and custody infrastructure.

For retail investors, the underlying technology should ideally remain invisible. Participation could occur through familiar regulated banking, savings or investment interfaces without requiring users to manage digital wallets or understand blockchain infrastructure.

Technology should support the financing architecture rather than define the investor experience.

11.6 Summary of Regulatory Design

PPT is intended to operate within existing sovereign-finance and regulatory frameworks wherever possible.

The core principles are:

- sovereign-debt treatment should reflect the economic substance of the obligation;
- project linkage should not be confused with project equity or project credit;
- regulatory treatment may differ across retail, institutional and performance-linked structures;
- investor protection should increase with product complexity;
- digital infrastructure should be used only where it provides additional value; and
- final legal, statistical, regulatory and tax treatment remains a matter for the relevant authorities.

PPT does not require a new fiscal reality. It requires an appropriate regulatory architecture around different ways of accessing the same underlying sovereign credit.

12. Fiscal and Economic Value Even If Classified as Debt

PPT should be expected to remain sovereign debt. Its potential value therefore does not depend on reducing reported borrowing or changing headline debt metrics.

The relevant question is whether PPT can improve **how sovereign financing is distributed, who participates, how resilient the investor base becomes and how transparently productive public investment is financed and monitored.**

Any benefit should be assessed net of additional financing costs, fiscal incentives, operational complexity and displacement elsewhere in the financial system.

12.1 Broader and More Diversified Investor Participation

Conventional sovereign markets already provide access to deep institutional and international capital.

PPT could complement these markets by creating additional propositions for households, companies, internationally mobile investors and purpose-motivated participants.

The benefit would arise where these structures attract capital that would otherwise remain outside equivalent sovereign exposure.

The objective is not simply more holders of a different government security. It is a broader addressable investor base.

12.2 Funding Resilience Through Different Channels

Different investor populations and funding channels may respond differently to market conditions.

A sovereign financing architecture combining conventional institutional demand, international participation, household savings, corporate capital and other investor groups may be less dependent on any single source of marginal demand.

Domestic participation may also have different characteristics from internationally mobile capital, although it is not automatically superior. Household investment, for example, may reduce reliance at the margin on cross-border flows while simultaneously affecting commercial-bank deposits.

The appropriate objective is therefore **balanced funding diversification rather than maximising domestic ownership.**

12.3 Potential Effect on Financing Costs

Additional demand can potentially improve sovereign financing conditions, but lower borrowing costs should not be assumed.

PPT may also introduce:

- distribution costs;
- technology and administration costs;
- tax incentives;
- liquidity differences; and
- potentially different returns required by different investor groups.

The relevant comparison is therefore the **net lifecycle financing cost** relative to conventional sovereign issuance.

PPT is economically valuable only where the benefits of additional demand and diversification exceed the cost required to create them.

12.4 Productive Investment and Fiscal Capacity

PPT is intended for approved productive public investment such as transport, energy, healthcare, defence and digital infrastructure.

Where such investment raises productivity, resilience or economic capacity, it may strengthen future output and public revenues.

But project linkage does not itself make borrowing productive, and productive investment does not remove the financing requirement today.

The fiscal benefit depends ultimately on **the quality of the underlying investment and its economic return**, not on the financing label attached to it.

12.5 Transparency and Delivery Accountability

Conventional sovereign borrowing generally does not create a direct informational connection between an investor and the individual project associated with government expenditure.

PPT could add:

- project-level expenditure reporting;
- delivery milestones;
- disclosure of material cost and timetable changes;
- independent assurance where appropriate; and
- optional performance mechanisms for sophisticated investors.

This may improve the speed with which delivery problems are identified and increase external scrutiny.

Whether it materially improves project outcomes should be tested rather than assumed.

12.6 Mobilising Capital for Domestic Productive Investment

Households, companies and internationally mobile investors allocate capital across deposits, funds, securities and international markets.

PPT could provide an additional reason for some marginal capital to choose domestic productive public investment.

The objective should not be to discourage international diversification or indiscriminately redirect domestic savings.

Instead:

PPT should compete for capital by offering a credible sovereign investment proposition, not by assuming that capital is better simply because it remains domestic.

12.7 Public Participation and Project Purpose

Project linkage can give investors a visible connection between their capital and an approved national priority.

Where the financial proposition is already credible, project purpose may provide an additional reason for some investors to participate.

Participation may also provide government with information about investor interest across different project categories.

This should remain a **non-binding signal rather than a mechanism for determining public expenditure**. Government and Parliament retain responsibility for deciding what must be funded.

12.8 Net Additionality

The ultimate fiscal and economic value of PPT depends on more than the amount subscribed.

A £1 billion PPT programme funded entirely by investors switching from conventional gilts has different implications from £1 billion attracted from overseas assets, previously inactive household investors or genuinely incremental corporate capital.

Evaluation should therefore ask:

- how much genuinely new sovereign participation was created;
- where the capital was previously allocated;
- what funding or investment was displaced;
- what fiscal incentives were required;
- what additional operating and distribution costs arose;
- whether conventional sovereign-market liquidity was affected; and
- what financing, resilience or governance benefits resulted.

The appropriate measure of PPT's value is not gross capital raised, but Net Additionality and the wider economic benefit generated.

12.9 Debt Quality Comparison

Category	Conventional Sovereign Bonds	PPT
Investor Base	Deep institutional and international participation	Potential additional retail, corporate and purpose-motivated participation
Distribution	Established sovereign-debt channels	Additional investor-specific distribution channels
Transparency	Sovereign-level reporting	Optional project-linked expenditure and progress reporting
Liquidity	Deep benchmark-market liquidity	Depends on structure; institutional PPT may trade, retail PPT may use defined redemption
Investor Proposition	Primarily sovereign credit, yield and liquidity	Sovereign credit plus project purpose, accessibility and differentiated structure
Delivery Features	No direct financing link to project delivery	Optional transparency and performance mechanisms
Fiscal Treatment	Sovereign debt	Expected to remain sovereign debt
Key Test	Efficient sovereign financing	Does the additional architecture generate positive Net Additionality?

13. Frequently Asked Questions (FAQ)

13.1. Is a PPT a form of government debt?

Yes. PPT should be expected to remain a sovereign obligation within the government's overall financing programme.

Its value does not depend on alternative accounting treatment. The proposed innovation lies in **project linkage, investor participation, differentiated distribution, transparency and optional performance mechanisms**.

13.2 Why not simply use conventional government bonds?

In some cases, government should.

Conventional sovereign bonds provide deep liquidity, efficient price discovery and access to large institutional and international investor bases. If improved retail access or distribution of existing securities can achieve the same objective efficiently, there may be no reason to introduce a separate PPT structure.

PPT is justified only where project linkage, investor-specific design, accessibility or transparency creates additional value.

The objective is not to tokenise a gilt unnecessarily.

13.3 Do PPTs have a maturity date?

Yes. Maturity and redemption terms would be defined at issuance.

Different investor structures may use different approaches. Retail PPTs could use fixed or bounded investment periods with clearly defined redemption arrangements, while institutional structures could use conventional bond maturities and secondary-market liquidity.

PPT maturity does not need to depend entirely on project completion.

13.4 What happens if a project is delayed or rescheduled?

The treatment depends on the instrument's predefined terms.

For a fixed-maturity PPT, the investor's maturity need not change simply because the project is delayed. Any remaining project financing requirement can be addressed through normal sovereign refinancing.

Material changes to project timing, cost or scope should be disclosed through the PPT transparency framework.

13.5 What happens if a project is cancelled?

Cancellation does not remove the sovereign obligation.

Investors would be treated according to the contractual redemption terms established at issuance, with government meeting its obligations through authorised resources or normal sovereign refinancing.

Project cancellation should not expose investors to unbounded loss merely because the security is associated with a particular public project.

13.6 How are cost overruns handled?

Project overruns remain fundamentally a government financing and delivery issue.

Sophisticated PPT structures may include predefined and bounded performance or adjustment mechanisms, but these are optional.

Initial retail PPTs should generally avoid complex dilution or cost-overrun exposure.

The objective is to improve transparency and accountability **without transferring inappropriate project-delivery risk to households.**

13.7 Who bears project risk?

The sovereign remains responsible for the underlying public project.

PPT investors hold sovereign exposure rather than project equity or a claim dependent on project revenues.

Some sophisticated structures may voluntarily include bounded project-performance features, but those features should be clearly distinguished from the underlying sovereign credit.

13.8 Why use tokenisation or digital securities?

Digital infrastructure can support:

- fractional participation;
- automated issuance and servicing;
- settlement and ownership records;
- project-linked reporting;
- programmable rules; and
- potentially lower-friction distribution.

But tokenisation is not a prerequisite simply because the product is called PPT.

Technology should be used where it improves distribution, transparency, administration or governance relative to conventional alternatives.

For retail investors, the technology should ideally remain invisible.

13.9 Are PPTs suitable for retail investors?

Potentially, if designed appropriately.

Initial retail PPTs should prioritise:

- simple returns;
- low minimum participation;
- clearly defined maturity and redemption arrangements;
- familiar regulated distribution;
- clear disclosure;
- appropriate investor protection; and
- no unnecessary exposure to complex project-performance mechanisms.

The objective is to create a **sovereign savings-style proposition**, not turn households into bond traders.

13.10 Do PPTs crowd out conventional gilt issuance?

They could.

Because PPTs and gilts ultimately represent sovereign obligations, some existing gilt investors may simply switch between instruments.

PPT should therefore remain a bounded and complementary part of the overall financing programme.

The relevant question is whether PPT reaches investors and capital that conventional gilt issuance does not reach as effectively.

13.11 How do we know PPT creates genuinely new demand?

We do not know in advance.

That is one of the central purposes of a pilot.

Evaluation should determine:

- how many participants are new direct sovereign investors;
- where their capital was previously held;
- how much demand substituted from conventional gilts;
- how much came from bank deposits, overseas assets or other investments; and
- what economic effects resulted from that reallocation.

Headline subscription is not evidence of Net Additionality.

13.12 Could PPT destabilise bank deposits?

Potentially, if retail participation became sufficiently large or if households could move rapidly from commercial-bank deposits into direct sovereign exposure.

This is why initial retail issuance should be bounded and monitored in coordination with financial-stability authorities.

The objective is to broaden sovereign participation without simply moving a funding constraint into the banking system.

13.13 Who controls the project?

Government retains full ownership, procurement authority and operational responsibility.

PPT investors do not receive ownership, concession rights or authority over public expenditure.

Investor participation may provide information about public interest, but:

Participation is a signal, not a referendum.

Government and Parliament remain responsible for deciding which projects should be funded.

13.14 Can local or devolved authorities use PPT?

Potentially, but the credit structure would need to be clear.

A locally distributed project-linked instrument backed directly by a local authority is economically different from a sovereign PPT issued or guaranteed by central government.

The framework could potentially be adapted to regional or city-level investment, but the issuer, credit risk, legal authority and fiscal treatment would need to be assessed separately.

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Appendix A — Classification and Comparison of PPT vs Traditional Instruments

The Public Project Token (PPT) is best understood as a **project-linked sovereign financing framework**.

Its distinctiveness does not arise from alternative accounting treatment or from tokenisation itself. The underlying obligation remains sovereign.

What PPT potentially adds is a combination of:

- project identification;
- differentiated investor access;
- modern distribution;
- project-level transparency; and
- optional performance mechanisms where appropriate.

Different PPT structures may use different maturity, liquidity and distribution arrangements while retaining the same underlying sovereign credit.

The table below therefore compares the **core PPT framework** with conventional sovereign financing rather than assuming that every PPT must have an identical product structure.

PPT does not seek a different fiscal classification from conventional sovereign debt. Its purpose is to test whether the same underlying sovereign credit can reach additional capital through different product, distribution and participation structures.

Feature Comparison

Feature	Conventional Government Debt	PPT Framework	Explanation
Underlying credit	Sovereign obligation	Sovereign obligation	PPT does not change the underlying sovereign credit
Public ownership	Government retains ownership	Government retains ownership	PPT does not create project equity, concession or ownership rights
Use of proceeds / purpose	General sovereign financing	Associated with an approved public project or investment programme	Project linkage provides purpose and transparency rather than separate project credit
Investor proposition	Primarily sovereign credit, yield and liquidity	Sovereign credit combined with accessibility, project purpose, transparency and investor-specific design	Different investors may respond to different propositions
Retail access	Available, but generally through conventional savings or investment-market channels	Can be designed around low minimum participation and familiar regulated distribution	Retail structures may prioritise savings-style simplicity
Institutional access	Deep, standardised and highly liquid markets	Can use tradable institutional structures with conventional market pricing	PPT should complement rather than weaken benchmark sovereign markets
Maturity	Defined at issuance	Defined at issuance; may vary by investor structure	PPT maturity need not depend entirely on project completion

Appendix B — Optional Investor and Market Design Features

The core PPT framework does not depend on preferential tax treatment, a particular investor class or a single product structure.

Different investor populations may require different combinations of return, maturity, liquidity, accessibility and project-related features.

Optional design features should therefore be adopted only where they improve participation, investor protection, financing resilience or project governance sufficiently to justify their fiscal and operational cost.

The sovereign credit can remain common while the investor proposition differs.

B1. Retail Sovereign Savings Structure

For households, the relevant comparison may not be another government bond. It may be **leaving money in savings**.

An initial retail PPT could therefore prioritise savings-style simplicity through:

- a clearly defined sovereign obligation;
- a clearly stated return;
- fixed or bounded maturity;
- low minimum participation;
- clearly defined redemption or early-access arrangements;
- familiar regulated banking, savings or investment distribution;
- project choice; and
- transparent reporting.

The objective is not to turn households into bond traders.

A household should be able to understand the investment without needing to manage secondary-market bond pricing, duration exposure or complex project-performance risk.

Make sovereign investment as easy to access as savings, economically credible against savings, and more meaningful through purpose.

Any early or par-redemption mechanism would require careful liquidity and maturity design.

B2. Capped Tax-Efficient Retail Participation

Retail participation could be supported through existing tax-efficient savings structures, such as ISA or pension eligibility, or through a dedicated capped PPT allowance.

A bounded structure could:

- improve the after-tax attractiveness of PPT relative to comparable savings and low-risk investments;
- encourage households to allocate part of their longer-term savings toward productive public investment;
- broaden participation beyond conventional sovereign-debt investors; and
- limit the fiscal and distributional consequences of preferential treatment.

Project purpose should not be expected to compensate for materially inferior financial terms.

Purpose is an additional reason to participate once the underlying investment proposition is already credible.

Any tax incentive should be evaluated against the genuinely additional participation it generates and the fiscal revenue forgone.

B3. Institutional and Performance-Linked Structures

Institutional and sophisticated investors may value different characteristics from households.

Institutional PPT structures could include:

- conventional market pricing;
- regulated secondary-market liquidity;
- institutional custody;
- collateral or repo eligibility where feasible;
- defined maturity;
- enhanced project information; and
- optional performance-linked features.

Where investors accept explicit project-performance or adjustment risk, expected return should compensate appropriately for that additional exposure.

A sovereign benchmark alone should not be assumed sufficient.

Optional efficiency bonuses or adjustment mechanisms should be transparent, bounded and independently verifiable.

B4. Corporate Participation

Companies holding surplus liquidity or retained earnings may represent another potential source of sovereign demand.

A corporate PPT proposition could potentially combine:

- sovereign credit;
- defined maturity;
- market or redemption liquidity;
- potential collateral eligibility;
- transparent treatment for treasury purposes; and
- carefully bounded incentives for longer-term participation.

Long-term investment need not necessarily make the capital economically inaccessible. Where eligible, transferable PPT holdings could potentially be used as collateral for financing, subject to normal valuation, eligibility and haircut requirements.

Any incentive should avoid creating a general corporation-tax shelter or encouraging companies to divert capital from productive business investment merely to obtain preferential treatment.

The relevant test remains **Net Additionality**.

B5. Internationally Mobile Capital

International investors may respond to:

- competitive sovereign returns;
- currency exposure;
- jurisdiction and regulatory certainty;
- liquidity;
- clearly defined tax treatment;
- project purpose; and
- bounded policy incentives.

PPT-G provides one potential structure for testing whether these characteristics can attract capital that would otherwise remain invested outside the UK.

The objective is not simply to attract wealthy investors, but to create a credible reason for **marginal globally mobile capital to choose UK productive investment over an alternative destination**.

Detailed PPT-G design is considered separately in Appendix C.

B6. Project-Level Transparency and Reporting

Project linkage is most valuable where investors and citizens can see how the associated public investment is progressing.

A PPT transparency framework could report:

- approved project budget and financing allocation;
- expenditure against budget;
- major delivery milestones;
- material changes to cost or timetable;
- relevant independent audit or assurance; and
- operation of any performance mechanism.

Digital infrastructure could support tamper-evident records and automated reporting, while the public-facing interface should remain understandable without requiring users to interact directly with blockchain technology.

The objective is greater traceability and accountability, not technological novelty.

B7. Digital Infrastructure and Distribution

Different PPT structures need not use identical market infrastructure.

Institutional PPTs may benefit from tokenised issuance, settlement, custody and regulated secondary trading.

Retail PPTs may instead be distributed through familiar banking, savings or investment interfaces, with the digital infrastructure operating behind the customer experience.

Technology should therefore be selected according to function:

- fractional participation;
- issuance and servicing;
- ownership records;
- settlement;
- project reporting;
- programmable rules; or
- distribution.

Digital infrastructure is justified where it reduces friction or improves governance. It is not a prerequisite merely because PPT contains the word “Token.”

B8. Design Principles

Optional PPT features should follow a common set of principles:

- **Additionality** — seek participation that would not otherwise have entered equivalent sovereign exposure.
- **Net Additionality** — assess where participating capital came from and what its reallocation displaced.
- **Proportionality** — fiscal incentives and additional complexity should be justified by measurable benefit.
- **Investor segmentation** — design around the requirements of the investor population being addressed.
- **Retail protection** — prioritise simplicity and avoid transferring unnecessary project or market complexity to households.
- **Transparency** — disclose material product terms and project performance clearly.
- **Accountability** — enable meaningful scrutiny without transferring public decision-making authority to investors.
- **Technology neutrality** — use digital infrastructure only where it provides additional value.
- **Complementarity** — protect conventional sovereign-market liquidity and use PPT where existing instruments do not achieve the same objective as effectively.
- **Evidence-based scaling** — expand only where pilot outcomes justify doing so.

B9. Summary

PPT does not require a single product structure.

A retail household, institutional asset manager, corporate treasury and internationally mobile investor may each require different reasons and different mechanisms through which to participate.

The common foundation remains **sovereign credit associated with an approved public investment**.

The purpose of investor segmentation is therefore not financial engineering for its own sake. It is to determine whether different product, distribution and transparency structures can make sovereign investment relevant to capital that conventional issuance does not reach as effectively.

Different investors do not necessarily require different sovereign credit. They may require different reasons and different ways to access and hold it.

Appendix C: Internationally Mobile Capital & UK Growth Incentive

Internationally mobile individuals and investors allocate substantial capital across global financial centres, currencies and asset classes.

The UK therefore competes for this capital not only through taxation, but through the **quality, liquidity, accessibility and attractiveness of its investment opportunities**.

A well-designed PPT structure could provide a voluntary, sovereign-backed route through which some of this capital enters UK productive investment.

The objective is not to prescribe preferential tax treatment or make the broader PPT framework dependent on internationally mobile investors.

It is to test a narrower proposition:

Can project-linked sovereign investment create an additional reason for globally mobile capital to choose the UK over alternative investment destinations?

C.1 Why Internationally Mobile Investors Might Participate

Potential considerations include:

1. Competitive risk-adjusted return

Returns anchored to UK sovereign financing conditions could provide a low-risk sterling investment proposition, subject to normal sovereign, currency, interest-rate and liquidity considerations.

2. Policy and regulatory certainty

International investors require clear and stable treatment of ownership, taxation, custody, transferability and redemption.

Any preferential treatment should be explicitly designed, appropriately bounded and limited to the qualifying investment rather than creating uncertainty elsewhere in the investor's affairs.

3. Liquidity and capital flexibility

Depending on the structure, investors may value regulated secondary-market liquidity, defined redemption arrangements or potential collateral characteristics.

4. Project purpose and transparency

Project linkage may provide an additional reason to choose UK sovereign exposure where the investor values visible participation in healthcare, energy, infrastructure, technology or other productive national investment.

Purpose should complement rather than substitute for credible financial economics.

C.2 From Currency-Based to Investment-Based Attraction

The United Kingdom cannot rely on the same global monetary network effects as the United States.

International demand for the US dollar, US Treasury securities and dollar-linked instruments can itself create reasons for global capital to hold dollar assets.

PPT-G proposes a different mechanism.

Rather than attempting to compete primarily for **currency demand**, the UK could compete for **investment demand** by combining sovereign credit with productive investment, project transparency and an appropriately designed investor proposition.

The objective is to give globally mobile capital a reason to choose UK sovereign investment even where sterling itself does not possess the monetary network effects of the US dollar.

This does not remove currency risk or guarantee international demand. It creates a proposition whose effectiveness can be tested.

C.3 How PPT-G Could Attract International Capital

PPT-G could provide:

- sterling-denominated sovereign exposure;
- competitive sovereign-linked returns;
- clearly defined legal and regulatory treatment;
- regulated liquidity or redemption arrangements;
- transparent project linkage;
- allocation to qualifying UK productive investment; and
- optional bounded policy incentives.

The relevant comparison is not simply with conventional gilts.

An internationally mobile investor may be choosing between UK sovereign exposure, overseas government bonds, cash, funds or other global investments.

PPT-G succeeds only where it changes that marginal allocation decision.

C.4 Net Additionality

The amount subscribed to PPT-G should not itself determine success.

For example, an international investor who already intended to purchase £1 million of gilts and instead purchases £1 million of PPT-G has generated little additional sovereign demand.

By contrast, an investor redirecting £1 million from overseas assets into PPT-G may represent genuinely additional UK sovereign participation.

Evaluation should therefore identify:

- where participating capital was previously invested;
- substitution from conventional UK sovereign assets;
- capital newly redirected into sterling assets;
- the fiscal cost of any incentive;
- investor sensitivity to return, liquidity and project purpose; and
- whether capital remains committed for the intended investment horizon.

The relevant measure is not gross international participation, but the additional capital attracted to UK sovereign investment after accounting for substitution and incentive cost.

C.5 Potential Benefits to the UK

Where genuine additionality is demonstrated, PPT-G could potentially:

- broaden the sovereign investor base;
- attract internationally mobile capital into UK productive investment;
- diversify sources of marginal sovereign demand;
- support participation in sterling-denominated assets;
- provide additional financing for qualifying public investment; and
- create information about what motivates internationally mobile investors to allocate capital to the UK.

These benefits should be assessed alongside currency exposure, fiscal cost, market impact and the alternative uses of the participating capital.

C.6 Investor Protection and Product Design

PPT-G need not use a single structure for every internationally mobile investor.

A straightforward sovereign structure could provide:

- clearly defined return;
- defined maturity;
- transparent project association;
- regulated liquidity or redemption arrangements; and
- no unnecessary project-performance exposure.

Sophisticated investors could separately access performance-linked structures where appropriately compensated for additional risk.

Any product design should remain consistent with the wider PPT principle:

Different investors may require different ways to access the same underlying sovereign credit.

C.7 Policy Incentives and Fairness

Any PPT-G incentive would need to be justified by a demonstrable public benefit.

Potential safeguards could include:

- caps on eligible investment;
- qualifying-project requirements;
- minimum holding periods;
- transparent eligibility rules;
- clearly bounded tax or investment incentives;
- full KYC/AML compliance; and
- periodic review of fiscal cost and additional capital attracted.

The rationale should not be to reward wealth or international mobility itself.

It should be to establish a transparent exchange:

A bounded public incentive is justified only where it causes capital that would otherwise remain elsewhere to enter qualifying UK productive investment and the resulting benefit exceeds the cost.

C.8 Illustrative Example

Consider an internationally mobile investor with £10 million allocated across global markets.

Without PPT-G, the investor intends to place an additional £1 million into overseas cash, government bonds or other low-risk assets.

Under PPT-G, the investor instead allocates that £1 million to a sterling-denominated sovereign instrument associated with qualifying UK infrastructure.

The investor receives:

- a return anchored to UK sovereign financing conditions;
- transparent association with an identified UK investment programme;
- clearly defined liquidity or redemption arrangements; and
- any bounded PPT-G incentive established by government.

For the UK, the relevant additionality is **not the investor's £10 million of existing wealth**.

It is the marginal decision to redirect £1 million from an alternative overseas allocation into UK sovereign financing.

C.9 Summary

PPT-G provides one potential application of the broader PPT framework for internationally mobile capital.

Its purpose is not to create a special tax regime or substitute for conventional international gilt demand.

It is to test whether **sovereign credit + productive project purpose + transparency + appropriate investor design** can create an additional reason for globally mobile capital to choose the UK.

PPT-G should scale only where evidence demonstrates **positive Net Additionality after accounting for substitution, fiscal cost and wider economic effects**.

About the Author

Che-Hwon Bae (Che) is a financial markets professional specialising in institutional trading, electronic execution, market microstructure, risk management and financial technology.

He has led major trading and technology initiatives, including the development of electronic execution platforms, pricing and systematic trading capabilities, data infrastructure and institutional workflow integration. His career has provided first-hand experience of how **market structure, technology and product design influence liquidity, investor behaviour and the allocation of capital**.

Through **Baemax Advisory**, Che applies this market-structure perspective to broader financing challenges. His work explores how governments and public institutions could broaden investor participation, improve financing resilience and use modern financial infrastructure to support productive public investment.

Che developed the **Demand-Side Innovation in Sovereign Finance** framework and the **Public Project Token (PPT)** as one practical application of that approach.